

NEW JERSEY OFFICE OF THE INSPECTOR GENERAL

Mary Jane Cooper, Inspector General

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Inspector General Issues Supplemental Report: Department of Corrections Inmate Health Services

TRENTON – Inspector General Mary Jane Cooper today issued a report identifying a former Department of Corrections (DOC) Deputy Commissioner's improper agreement with a Correctional Medical Services, Inc. (CMS) Vice President that resulted in the failure to assess approximately \$4.5 million in liquidated damages against CMS for failure to meet contract specifications. The report also addresses \$700,000 in overcharges by CMS. Under a contract that ended on October 1, 2008, and valued at approximately \$85 million per year, CMS provided health services to the approximately 26,000 inmates housed in the State's fourteen correctional facilities.

"In refraining from assessing liquidated damages against CMS, whenever the vendor failed to satisfy State contract requirements, the former Deputy Commissioner acted outside the scope of his authority," Inspector General Cooper said. "His improper actions resulted in substantial losses to the State and provided an unwarranted benefit to CMS at the State's expense."

This report supplements the Office of the Inspector General's (OIG) October 15, 2007 report that addressed DOC's monitoring of its contact with CMS for inmate dental care.

The evidence found throughout OIG's investigation revealed that the former Deputy Commissioner, in order to suspend contract provisions that obligated CMS to pay liquidated damages, withheld material information concerning CMS's substandard performance from the current and former DOC Commissioners and thwarted the efforts of DOC staff, who were attempting to enforce the terms of the contract and improve CMS's performance.

Inspector General Cooper made the following additional recommendations:

- Continued efforts by the Attorney General, Treasury and DOC to determine, assess and collect an appropriate amount of liquidated damages and recover overcharges from CMS.
- The New Jersey State Legislature enact laws making it a crime to knowingly and willfully make materially false, fictitious or fraudulent statements or representations in any matter within the jurisdiction of the executive, legislative or judicial branches of the State.

OIG also found that because CMS did not qualify under New Jersey law to provide dental services, CMS circumvented State laws by contracting with a newly formed entity owned by a CMS employee and his spouse. The entity did not meet State requirements and, as reported in OIG's earlier report, consistently failed to perform dental services in accordance with contract requirements.

This case has been referred to the New Jersey Attorney General and the State Ethics Commission.

OIG's report is available online at the its web site, www.state.nj.us/oig.

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